

1Q 2009 Figures

May, 2009



Agenda



- **Current Status**
- **Business Strategy**
- **Investment Plan**
- **Usiminas and the Distribution Sector**
- **“Reinventing” Project**

Current Status

INVESTOR
RELATIONS



The largest flat steel producer in Latin America and the 38th steel producer in the world



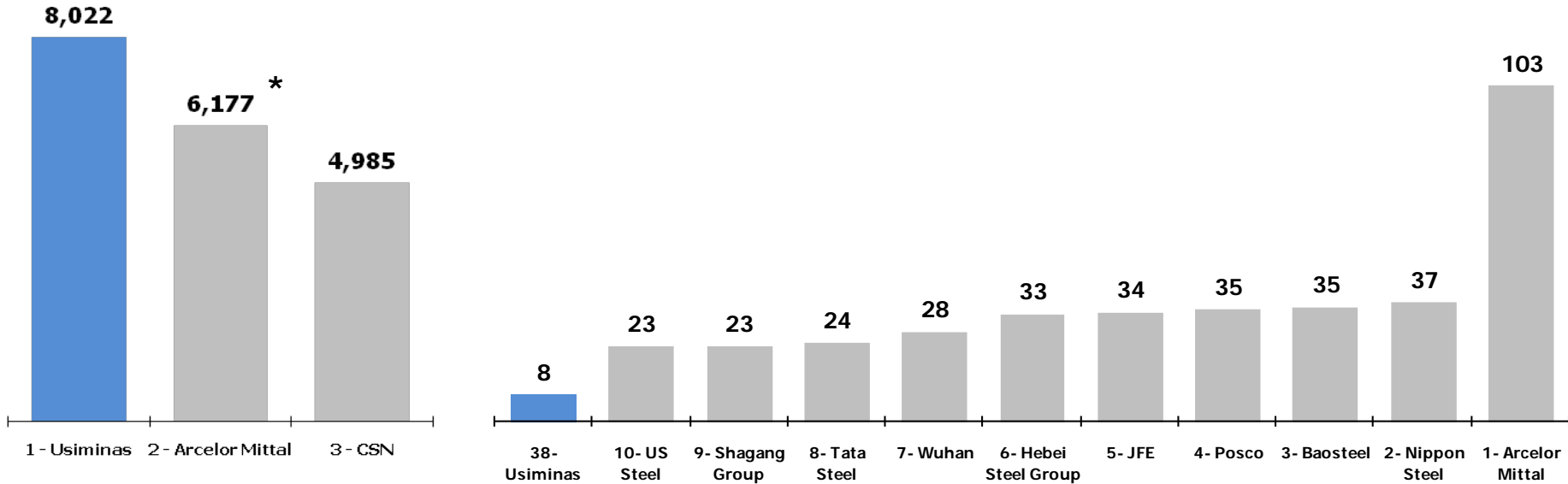
Demand and Consumption

Top Brazilian Steel Producers – 2008 *

Major Producers - 2008

Crude steel production – 33.7 million t

Steel production- million t



Source: IBS - Informe Estatístico Preliminar – January/2009 and Metal Bulletin – 2009
 * Flat steel production

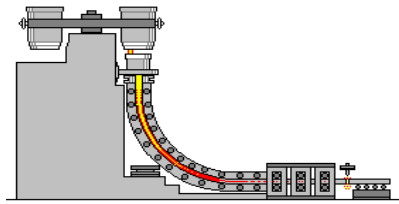
Strategically located



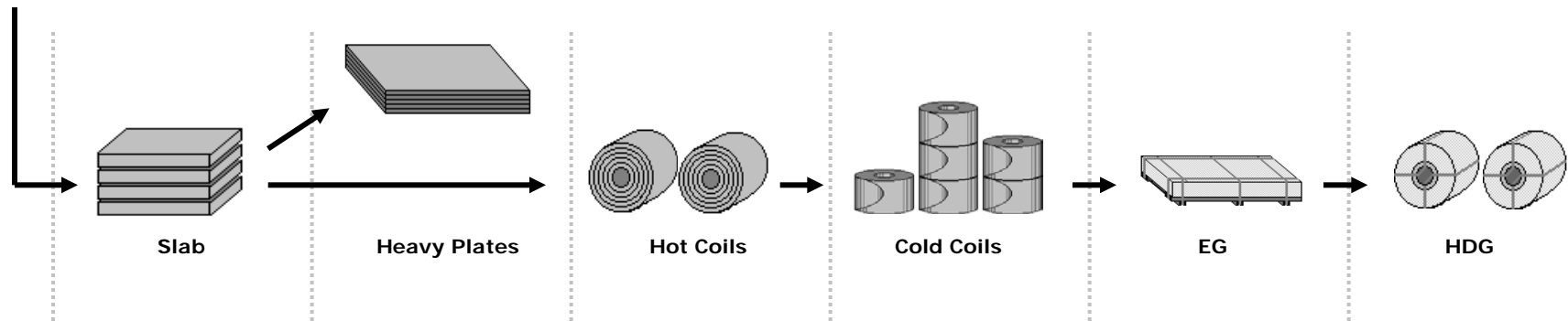
- ✓ Close to major markets
- ✓ Iron Ore Mine
- ✓ 2 ports
- ✓ Railroad (MRS)



Full range of flat steel products



Slab Caster



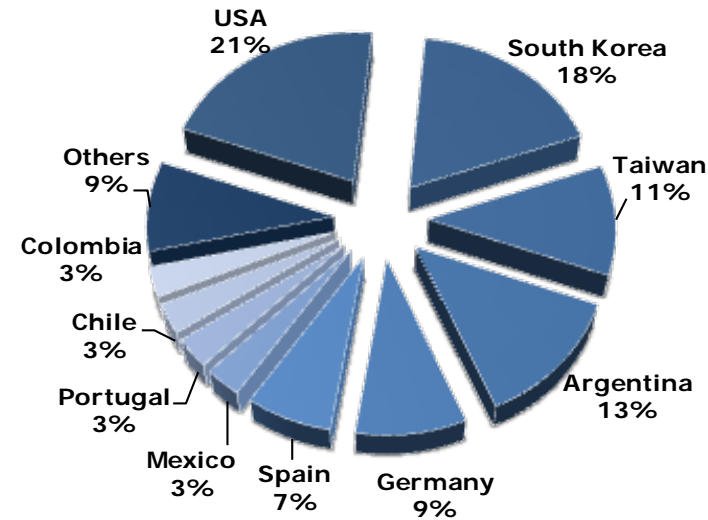
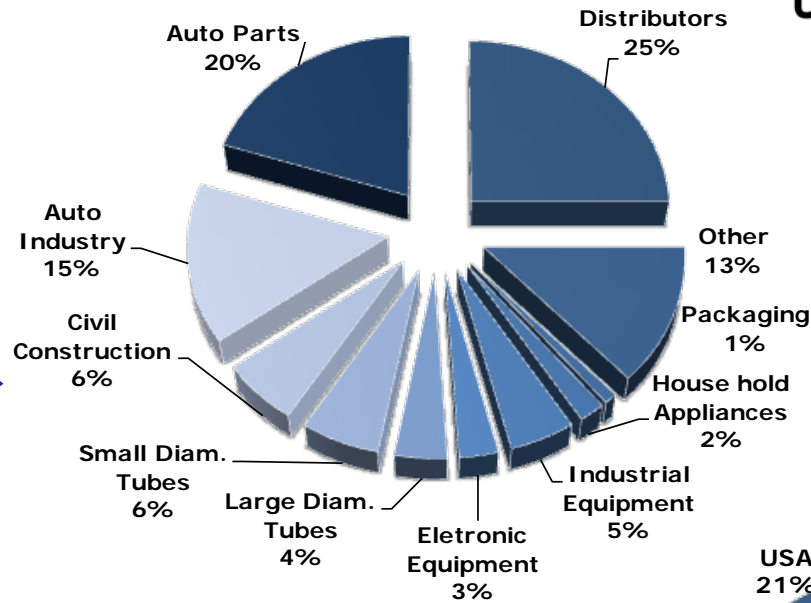
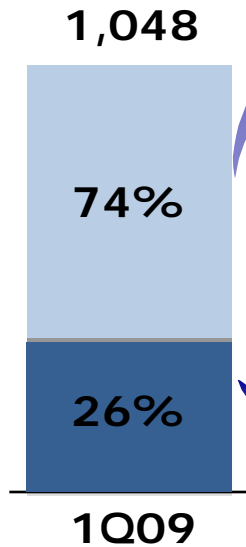
Ipatinga Plant	5,000 kt	1,000 kt	3,550 kt	2,500 kt	360 kt	480 kt
Cubatão Plant	4,500 kt	1,000 kt	2,100 kt	1,200 kt	-	-

Sales prioritizing domestic market and high value added niches.

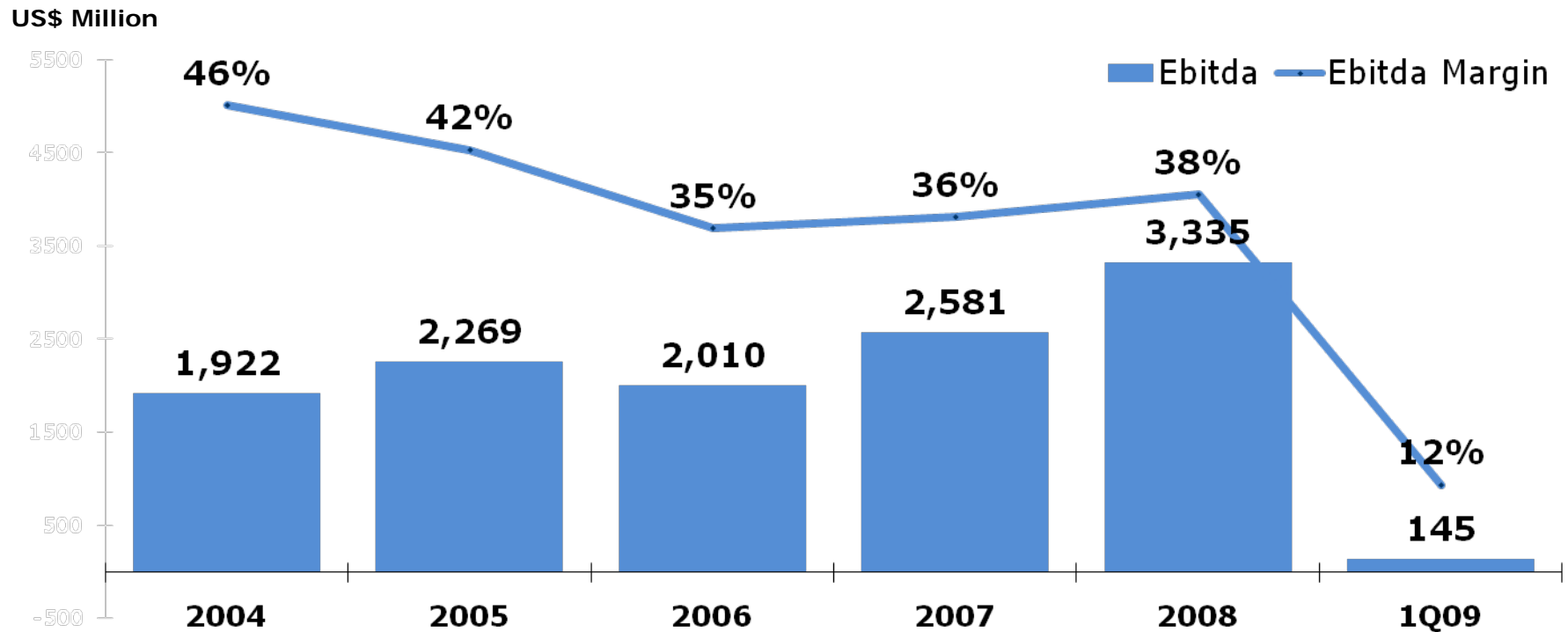


46% Market Share *

(Thousand t)



Strong cash generation during recent years

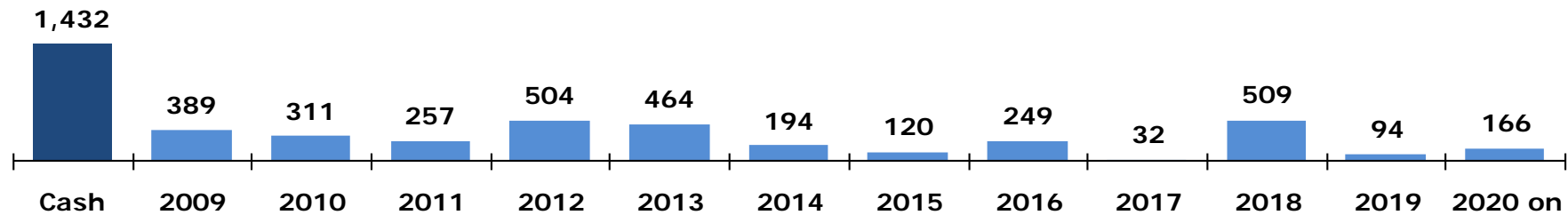
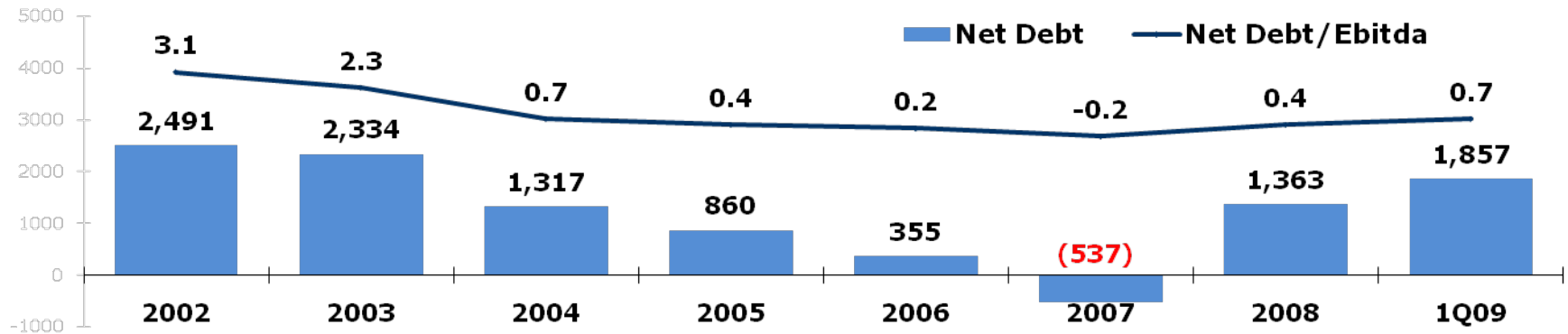


March, 2009

Allowing debt reduction and adequacy of its profile



US\$ Million



March, 2009

Note: Principal Values

Business Strategy





Upstream Integration

Protection against transfer of margin in the value chain
Keep competitiveness of production costs



Expansion of Domestic Capacity

Take advantage of domestic market growth, capturing a premium for the logistics gains
Capture competitiveness from access to local competitive raw material and labor



Downstream Integration

Assure presence in growing markets
Integrate and create value in new market niches



Expansion of Products Portfolio

Assure maximum potential of value creation
Reduce dependence of few product lines
Assure presence in growing markets



Internationalization

Assure access to markets outside Brazil
Accelerate growth
Diversify and keep close to sector leaders

Investment Plan



Capex for 2009 is expected to reach R\$ 2.9 Billion



Investments

Ipatinga	Thousand t.
Galvanized	550
Heavy Plate	500
Hot Rolled	150
Technology updating and cost reduction	
Cubatão	
Hot Rolled	2,300/4,800
Technology updating and cost reduction	

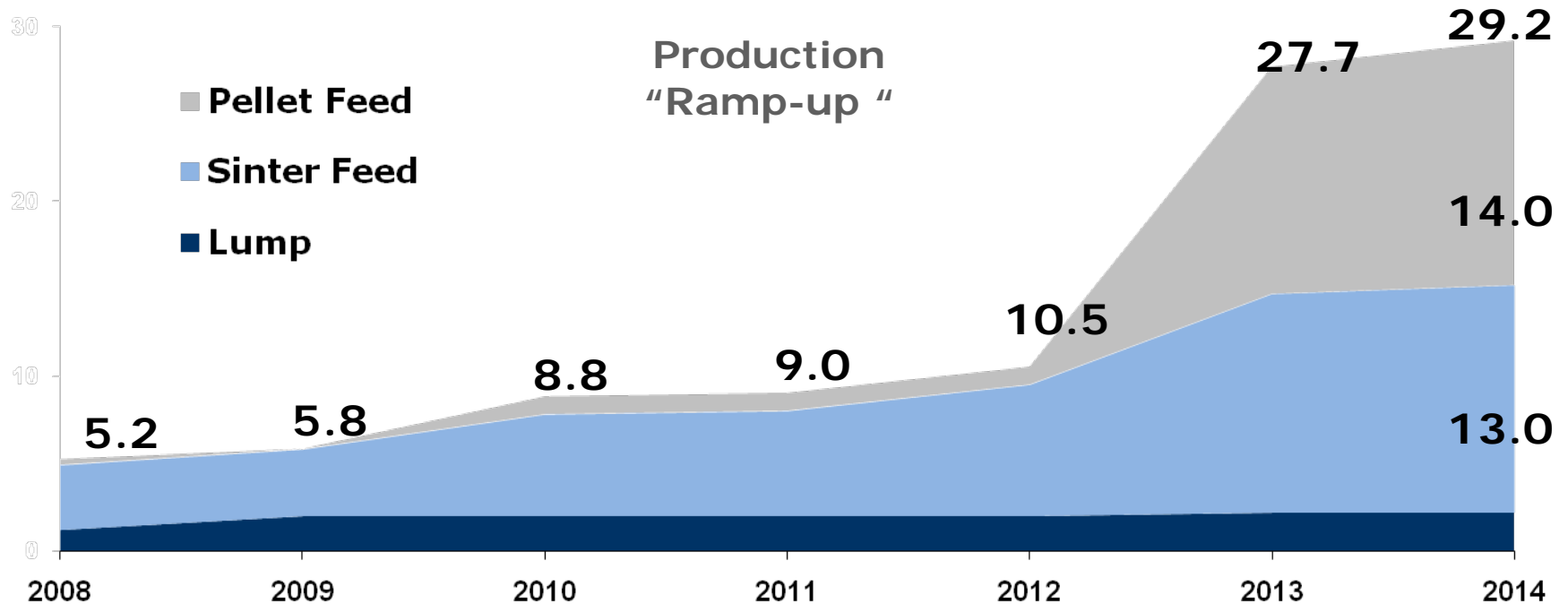


Investments in Steel to meet demand of high value added products

Investments in Mining aiming increase of production and competitiveness



Million t



Usiminas and the Distribution Sector



INVESTOR
RELATIONS




The Distribution Sector is changing its profile



 **Distribution** → **Distribution + Service Centers + Steel Processing**

 **Consolidation**

 **Steel Industry adopting model of downstream integration through distribution**

Size, potential of growth and margin

Commercial synergies

Operational Synergies

In March/09 Usiminas acquired Zamprogna, the largest independent distributor in Brazil



✓ Financial Figures (2008)

Sales volume: 288 thousand t

Net revenues: R\$ 822 million

✓ Production and Supply

Tubes

Service Center

Processed Products

✓ Location



Usiminas became the largest steel distributor in Brazil



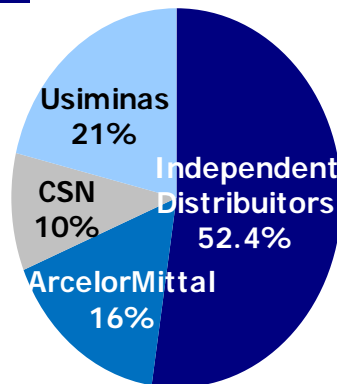
Distribution

2008

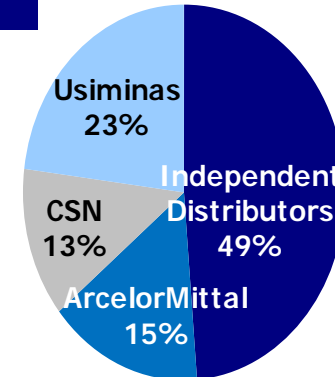
Company	Distributors	Part. (%)	Rank INDA 2008	Market Share
CSN	INAL	100%	415,8	10,0%
Total			415,8	10,0%
USIMINAS	DUFER	100%	122,2	2,9%
	FASAL	50%	197,8	4,7%
	RIO NEGRO	64%	317,8	7,6%
	ZAMPROGNA	100%	245,0	5,9%
Total		882,8	21,2%	
ArcelorMittal	BELGO	100%	197,0	4,7%
	GONVARRI	50%	337,6	8,1%
	MANCHESTER	70%	151,2	3,6%
Total		685,8	16,4%	

1Q09

Company	Distributors	Part. (%)	Rank INDA 2009	Market Share
CSN	INAL	100%	76,7	12,9%
Total			76,7	12,9%
USIMINAS	DUFER	100%	22,7	3,8%
	FASAL	24%	24,3	4,1%
	RIO NEGRO	64%	44,0	7,4%
	ZAMPROGNA	100%	46,1	7,7%
Total		137,1	23,0%	
ArcelorMittal	BELGO	100%	43,1	7,2%
	GONVARRI	50%	33,0	5,5%
	MANCHESTER	70%	15,9	2,7%
Total		91,9	15,4%	



Total Market
4,171.3



Total Market
597.0

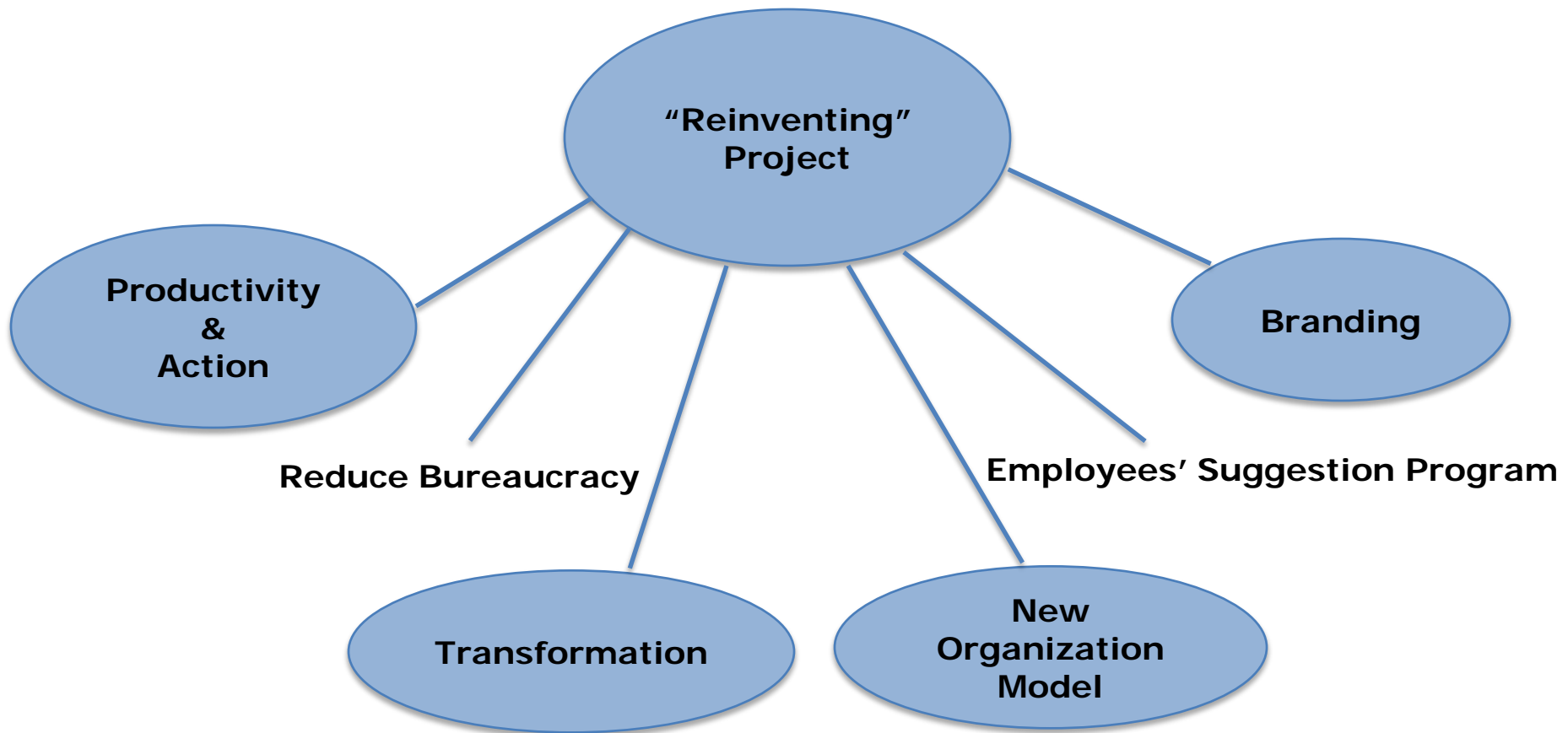
(Unit: Thousand t)

Source: INDA

“Reinventing Project”



Despite its leadership position, Usiminas aims to become more dynamic, stronger, modern and efficient



“Reinventing Project”



1. Productivity & Action

- Change in focus due to economic scenario:
- Debottleneck of production process → Variable cost reduction (Potential: R\$ 1.2 billion)
- Inventory management → Raw material and products: (Potential: R\$ 1.0 billion)

2. Transformation

- Integrated Sales, Production and Logistics
- New relationship standards

“Reinventing Project”



3. New Organization Model

- New matrix structure, by business nature
- Usiminas Executive Committee (COMEX)/decentralization
- Multi-segment committees / internal synergies

4. Branding

- Revision of corporate identity
- Revision of the brands' strategic positioning
- Alignment with the new organizational paradigms

Other fronts



Reduce Bureaucracy

- Simplification of internal procedures
- Dynamic decision making process

Employees' Suggestion Program

- 12,400 ideas in the 1st season
- 5,500 ideas in the 2nd season

Declarations relative to business perspectives of the Company, operating and financial results and projections, and references to the growth of the Company, constitute mere forecasts and were based on Management's expectations in relation to future performance. These expectations are highly dependent on market behavior, of Brazil's economic situation, on the industry and on international markets, and are therefore subject to change.



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